

NEWSLETTERS



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April 1, 2022

CONFERENCE COMMITTEE WEEK

Today, Friday, April 1st, the last day before Spring adjournment, is expected to be long.

The last week of March was devoted to reconciling differences between House and Senate bills in conference committees by the April 1 drop deadline for non-exempt bills. Three committee members from each chamber (committee chair, vice-chair, and ranking minority member) met to work out differences and negotiate areas of disagreement. Throughout the week, conference committees worked long hours attempting to resolve differences between the House and Senate. Bill numbers become irrelevant as three or four bills may be bundled into one omnibus bill to expedite the process. Among the high-profile issues this week were autonomous vehicles, budget, education funding, State Board of Education redistricting map, sanctuary cities, sports betting, and taxes.

Monday started slowly with conference committees getting organized and reviewing bills in conference. On Tuesday, the House Transportation Committee held a two-hour hearing on SB 546 regulating autonomous motor vehicles. The committee did not have enough votes to suspend the rules and work the bill.

Tuesday, the House Federal and State Affairs Committee failed to reach an agreement on the sports betting bill. Within a few hours, House leaders referred another sports betting bill from last session (SB 84) to the Committee of the Whole for floor debate on Wednesday. It passed the House 88-36. The Senate "non-concurred" in the House version and the Senate/House Federal and State Affairs conference committee was still negotiating Friday morning.

Wednesday, the Senate voted 29-10 to approve HB 2717 banning sanctuary cities as proposed by Attorney General Derek Schmidt. The Bill is in response to an ordinance passed by the Unified Government of Wyandotte County. The House had previously approved the measure 84-38. By Wednesday evening, budget negotiators reached an agreement on the base state budget.

Thursday, the Senate and House both approved restricting eligibility for food stamps (SNAP) for able-bodied Kansans ages 18-49 without dependents unless they work at least 30 hours per week or participate in a

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government job seeking/job training program. The Senate approved SB 563 by a vote of 29-11. The Bill combines the House, Senate and State Board of Education redistricting maps into one bill. The House passed the measure 83-40.

The major news on Thursday was the Tax Conference Committee reaching an agreement on food sales cuts and other tax relief for Kansans. The Judiciary Conference Committee agreed on continuation of liability protections for hospitals and other health care providers and businesses which may have caused their patients/clients to be infected with COVID-19. The Senate was successful in including language preventing liability protection for refusing to care for the unvaccinated or COVID patients.

Late Thursday, negotiators were close to agreements on education and sports betting. Senate Federal and State Affairs Chair Rob Olson, R-Olathe, indicated that sports betting could still be addressed during the veto session if an agreement is not reached by Friday.

Significant work must be completed by Friday. Even after conference committees reach agreement, the drafting and editing of the agreements takes time particularly on complex issues like the budget and taxes. Hopefully, the education budget will be finalized early Friday, allowing legislative staff to prepare the conference committee report.

STATE BOARD OF EDUCATION REDISTRICTING

On Monday, the Senate Committee on Redistricting proposed a new map for the ten member Kansas State Board of Education (dubbed "Apple"). Half of the State Board, from odd-numbered districts, will stand for re-election this year while the even number districts will run in 2024. The current composition of the Board is six Republicans and 4 Democrats. The Committee met early Tuesday morning and made several tweaks to the map. On Tuesday afternoon, the Senate passed the Apple map 34-5. During floor debate, concerns were raised about Wyandotte County being divided among three SBOE districts (Wyandotte County is currently in two districts). On Wednesday, the House of Representatives passed the map 83-40 with little debate. Under the new map, the Board composition is projected to shift to 7 Republicans and 3 Democrats. The new map pits two Democrats against each other in eastern Kansas and two Republicans against each other in central Kansas, although at least one incumbent is not expected to run again.

BUDGET NEGOTIATIONS

By Wednesday evening, House Appropriations Committee and Senate Ways and Means Committee negotiators were able to reach agreement on the 125 differences in their budgets. They had 11 conference committee meetings before reaching an agreement. Some items were deferred until the Veto Session. All K-12 education funding was removed from this base budget bill and will be addressed in the education conference committee.

Tuesday, House and Senate budget negotiators met four times and reached agreement on 75 issues reducing budget differences to less than 50 disputed items. Among the agreements was adding \$500M into the Budget Stabilization Fund. Both sides prepared package offers to the other on the disputed items.

Among the agreements were using federal ARPA funding for agriculture development at KSU, for business closure rebates due to the COVID-19 pandemic, economic development, rural housing grants, a new KDHE laboratory, and Docking renovations, to name a few. The House agreed to delete language requiring KDHE to extend the current KanCare managed care contracts through December 31, 2024. The Judiciary Conference Committee is discussing this issue. Some issues were resolved by deferring them to the omnibus budget bill discussions during the veto session. The preparation of the budget conference committee agreements requires a minimum of at least a day and half of drafting and proofing by the staff. The report is expected to be ready for floor debate this morning.

TAX CONFERENCE COMMITTEE

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Thursday night, the House and Senate Tax Conference Committee reached agreement on two bills. The tax conference committee agreed to a sales tax reduction on groceries to 4% by January 1, 2023, 2% in 2024, and then eliminated by 2025. The sales tax cut does not apply to food at restaurants.

The second bill is the mega tax bill (HB 2579) with numerous provisions from various tax bills. The standard deduction on state income tax is increased by 10% for next year. The amount of tax-free Social Security is raised from \$75,000 to \$85,000 for next tax year. There is a schedule to eventually phase out the state tax on social security and some pension plans. Other provisions exempt businesses from sales tax on electricity, natural gas, water, and other utilities. There is a tax credit for child-care services provided by an employer or a working parent. The bill authorizes reimbursement to businesses that sustained revenue drops due to COVID-19 requirements by state and local governments. The maximum payment would be \$5,000 out of the federal ARPA funds. The mega bill covers a wide range of tax issues from the elimination of estimated sales tax remittance to a ten-year dedicated sales tax for Atchison County.

SPRING BREAK

We will have a regular session wrap-up KLI next week. The legislature returns on April 25 for the veto session which is scheduled to end by May 11. The Legislature will have the opportunity to vote on overriding any vetoed bills and budget line-item vetoes by Governor Laura Kelly. In mid-April, the Consensus Revenue Estimating Group will release their revenue projections which will be used in assembling the omnibus budget bill.

BILL UPDATES

TAXATION

HB 2239 – As amended by the Senate Committee of the Whole, would create the Golden Years Homestead Property Tax Freeze Program (refund program), increase the individual income tax standard deduction, enact the SALT Parity Act, amend law related to carrying forward net operating losses, create tax exemptions for federal disallowances related to certain employment tax credits, create tax credits for contributions to technical and community colleges, and provide for an income tax checkoff for state historic sites.

HB 2315 – As amended by the Senate Committee on Assessment and Taxation, Sen. Caryn Tyson, Chair, would provide for a nonrefundable tax credit for donors to Kansas technical colleges and community colleges.

S Sub for HB 2316 – As recommended by the Senate Committee on Assessment and Taxation, Sen. Caryn Tyson, Chair, would amend law related to sales tax, including exemptions, exclusions, state rates on certain utilities and sales tax remittances by retailers.

SB 282 – As amended by the Senate Committee of the Whole, would create new income tax credits for graduates of certain aerospace and aviation education programs and their employers for tax years 2023 through 2027, would create a new income tax credit for teacher classroom supplies, would increase the residential property tax exemption from the statewide school finance levy, and would enact the Kansas Housing Investor Tax Credit Act and the Kansas Affordable Housing Tax Credit Act.

COURTS, LAWS, AND REGULATIONS

HB 2340 – As amended by the House Committee of the Whole, would amend applicable law to, among other things, change references to the legal age to use or possess tobacco products (including electronic cigarettes).

S Sub for HB 2416 – As amended by the Senate Committee of the Whole, would in addition to certain property tax relief, create law regarding compensation for the use, restriction of use, loss, or destruction of property as a result of governmental actions related to the prevention of or response to contagious or infectious disease.

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HB 2495 – As amended by the House Committee of the Whole, would enact the Charitable Privacy Act. The Act would define “personal information” to mean any list, record, register, registry, roll, roster, or other compilation of data of any kind that directly or indirectly identifies a person as a member, support, or volunteer of, or donor of financial or nonfinancial support to, a nonprofit organization.

HB 2537 – As amended by the Senate Committee of the Whole, would amend a statute governing hearing by the Commissioner of Insurance to add a provision allowing a person subject to any order, as defined in the Kansas Administrative Procedure Act (KAPA), issued by the Commissioner to request a hearing on such order. If such a request is made, the bill would require the Commissioner to conduct a hearing in accordance with KAPA provisions.

HB 2569 – As amended by the House Committee on Financial Institutions and Rural Development, Rep. Jim Kelly, Chair, would create the Historic Kansas Act, which would modify and establish certain tax credits for older commercial structures in the state.

SB 84 – As further amended by the House Committee of the Whole, would amend the Kansas Expanded Lottery Act (KELA) concerning the conducting of sports wagering operations by lottery gaming facilities. The Bill would add new sections to KELA and would be a part of and supplemental to the Kansas Lottery Act (KLA). The Bill would also amend the Kansas Parimutuel Racing Act and authorize historical horse racing.

SB 489 – As amended by the Senate Committee of the Whole, would amend statute concerning the powers of the Secretary of Health and Environment to issue health orders in response to infectious or contagious diseases.

SB 577 – As amended by the Senate Committee on Redistricting, Sen. Rick Wilborn, Chair, would redraw the state’s ten State Board of Education (BOE) districts (Map Name: Apple 7). [Note: Apple 7 is based on the districts contained in Senate Map Liberty 3].

HEALTHCARE

HB 2253 – As amended by the Senate Committee on Public Health and Welfare, Sen. Richard Hilderbrand, Chair, would amend provisions of the Prescription Monitoring Program Act. The bill would add to the list of information a dispenser may submit to the Prescription Monitoring Program (K-TRACS), amend the list of individuals who may request and receive data from K-TRACS, amend how data is stored outside of K-TRACS and add one member to the K -TRACS Advisory Committee for a total of ten members.

Kansas Legislative Insights is a publication developed by the Governmental Affairs & Public Policy Law practice group of Foulston Siefkin LLP. It is designed to inform business executives, human resources and governmental relations professionals, and general counsel about current developments occurring in current Kansas legislation. Published regularly during the Kansas legislative session, it focuses on issues involving Healthcare, Insurance, public finance, Taxation, financial institutions, business & economic development, Energy, Real Estate & Construction, environmental, Agribusiness, employment, and workers compensation. Bill summaries are by necessity brief, however, for additional information on any issue before the Kansas Legislature, contact Foulston Siefkin’s Governmental Affairs & Public Policy Law practice group leader, James P. Rankin at 785.233.3600 or jrankin@foulston.com. Learn more about the authors below:

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